CORAL GABLES RETIREMENT SYSTEM
Minutes of September 8, 2022
Community Meeting Room - A
Public Safety Building – 2151 Salzedo Street
8:00 a.m.

MEMBERS:	S 21	O 21	N 21	J 22	F 22	M 22	A 22	M 22	J 22	A 22	S 22	APPOINTED BY:
Andy Gomez	P	P	P	E	P	E	P	P	P	P	P	Mayor Vince Lago
Alex Mantecon	P	P	P	P	E	P	P	P	E	E	P	Commissioner Jorge L. Fors, Jr.
James Gueits	P	P	P	P	P	E	P	P	P	P	P	Commissioner Michael Mena
Michael Gold	P	P	P	P	P	P	P	P	E	P	P	Commissioner Kirk Menendez
Beatriz Vazquez	-	-	-	-	-	-	-	P	P	P	P	Commissioner Rhonda Anderson
Joshua Nunez	P	A	P	P	P	E	P	P	P	P	P	Police Representative
Christopher Challenger	P	P	P	P	P	P	P	P	P	P	P	Member at Large
Marangely Vazquez	P	P	P	E	A	P	P	P	E	P	E	General Employees
Troy Easley	P	P	P	P	P	P	P	P	P	E	P	Fire Representative
Diana Gomez	P	P	P	P	P	P	P	P	P	P	P	Finance Director
Raquel Elejabarrieta	P	P	P	P	P	P	P	P	E	P	P	Labor Relations and Risk Management
Rene Alvarez	P	E	P	E	P	P	E	E	P	P	E	City Manager Appointee
Andy Mayobre	P	P	P	E	P	P	P	E	E	P	P	City Manager Appointee

STAFF:
Kimberly Groome, Administrative Manager
Dave West, AndCo Consulting
Edemir Estrada, Gabriel Roeder Smith
Peter Tramont, Gabriel Roeder Smith
Pete Strong, Garbriel Roeder Smith

P = Present
E = Excused
A = Absent

GUESTS:
Tom Capobianco, Serenitas Credit Gamma Fund
David Weeks, Serenitas Credit Gamma Fund

1. Roll call.

Chairperson Gold calls the meeting to order at 8:05 a.m. Mr. Alvarez and Ms. Marangely Vazquez were excused. Mr. Gueits was not in attendance at the start of the meeting.

2. Consent Agenda.

All items listed within this section entitled "Consent Agenda" are considered to be self-explanatory and are not expected to require additional review or discussion, unless a *member of the Retirement Board or a citizen so requests, in which case, the item will be removed from the Consent Agenda and considered along with the regular order of business. Hearing no objections to the items listed under the "Consent Agenda", a vote on the adoption of the Consent Agenda will be taken.*

2A. The Administrative Manager recommends approval of the Retirement Board meeting minutes for August 11, 2022.

2B. The Administrative Manager recommends approval of the following invoices:

1. Gabriel Roeder Smith invoice #471461 for actuarial services for the month of May 2022 in the amount of $8,705.39.
2. City of Coral Gables invoice #359213 for General Liability insurance from July 2022 to September 2022 in the amount of $1,194.25.

2C. The Administrative Manager recommends approval of the Retirement Benefit Certification of Police Officer Roberto Alonso.

A motion was made by Mr. Nunez and seconded by Mr. Easley to approve the Consent Agenda. (Motion unanimously approved 10-0).

Mr. Gueits arrived at the meeting at this time.

3. Attendance of Thomas Capobianco presenting the Serenitas Credit Gamma Fund, non-core fixed income mix. Time allotted for the presentation is 20 minutes and 10 minutes for Q&A.

Thomas Capobianco thanks the Board for the opportunity to present the Serenitas Credit Gamma Fund an LMCG investment. Mr. Capobianco informs that he is the Director of Public Fund Marketing. He has been in industry a little over 33 years. He introduces David Weeks, the Chief Investment Officer for the Serenitas investment team.

Mr. Capobianco informs that LMCG was founded in 2000. They are headquartered in Boston, Massachusetts. They also have an investment office in New York City. As of July 2022, they had $3.9 million assets under management. They have a team of 41 employees, 5 of those are dedicated to the strategy they will be talking about. They are employee owned. They have 6 dedicated public clients in Florida so they are familiar with the regulations that govern all public funds.

Mr. Weeks states that he started at Merrill Lynch running a sell side trading desk for bonds backed by titled corporate loans and he was asked to join a proprietary trading group where they would focus on credit and securitization products. That is where he met his partners. Ajit Kumar came over from Morgan Stanley after Morgan Stanley sent him out to Stanford University for a Masters in Financial Mathematics. That is where he struck up a friendship with two other individuals in that same program, Andreas Eckner and Guillaume Horel. After the Masters in Mathematics, they got PhDs in Statistics.

Through their friendship, they joined their group at Merrill Lynch in 2007 coming directly from Stanford. They have been operating as a team for over 15 years. Their other partner, Edwin Tsui, was also at Merrill Lynch and has a Masters in Mathematics and Finance, and a Masters in Physics. With their analytic ability and quantitative skills, they were able to build models to go into areas of credit markets where there is complexity and price inefficiency. At Merrill from 2006 through 2011 they generated $2 billion in profits for the firm. This was during the financial crisis. They had no down years during that period. Merrill suffered losses in other parts of the firm in some of the areas his team specialized in. After being taken over by Bank of America and with regulations changing disallowing top trading they were asked to wind down all their positions. They had $2 billion under management and they liquidated every line item in 2011. They wanted to form their own firm to continue with the strategies they were successful in. They started Serenitas Capital in January 2013. They knew they needed to build out an institutional operating infrastructure. As they began to look to build that, they were introduced to LMCG and found they could get the economies of scale that LMCG already had in infrastructure in place. They became employees of LMCG. When they joined in May 2015, they were managing $35 million. Gradually, they have grown approaching $1.4 billion and about $540 million in the fund and strategy that they are talking about today. we're talking about today. They are set up as equal partners. He is the Chief Investment Officer so he is responsible for the risk and the trade allocation decisions. It is a consensus team approach. All 5 of them have invested their money in the fund and today have about $37 million invested. Their pension is invested in this strategy as well as some of their public clients so they are aligned in that perspective.

There are well-known concerns in the market for a high inflationary environment, which is something that you have to go back to the 1980s to look at environments like this. It is leading to a rising volatility, not only in stocks, but in traditional fixed income markets. It is a challenging environment for allocators. The Fed tightening is likely to lead to a recession. There is a lot of uncertainty in the market and as allocators that have relied on fixed income to be kind of a safe area of the portfolio, the hike in rates has led to losses in fixed income and equities. What are allocators doing? They are looking for strategies that have negative correlation or low correlation to fixed income and to broader markets that can still provide sufficient returns to grow pension assets over time. They want investments that have an attractive risk reward profile where you can make more than you can lose and are not correlated with markets when markets go down. It is strategies that can be steady and make money throughout the investment cycle that they're looking for including make money in a rising interest rate market as they try and diversify some of their fixed income. That is what investors are facing and they are growing because their strategy fits with those characteristics.

Mr. Weeks gives an overview of where they invest and their philosophy towards managing risks. There are three areas they focus on and have developed expertise in over the years. The first being mortgage credit and here they are buying bonds backed by U.S. residential mortgages. There are pools of mortgages with hundreds of thousands of mortgages in a pool and the cash flow from those mortgages provide the cash flow to the bond investors. Their area of focus is on a segment of the mortgage market called credit risk transfer mortgage security. They are issued by Fanny Mae and Freddie Mac where there is no government guarantee of the credit risk of the underlying borrowers. The purpose of these securities is for the agencies to be able to transfer the credit risk to private investors so that Congress never has bail out these agencies like they did in the 2008 financial crisis. They use proprietary analytics to look at millions of mortgages throughout the history in the United States and they pull in data monthly on borrowers, loan terms, house price movement throughout the country and they have built models to get very granular in the analysis of mortgages to project a range of cash flows under a variety of macroeconomic scenarios. Their goal is to participate in the secondary market buying bonds which are fundamentally cheap to the fair value risk adjusted value of the cash flows from the mortgage pool. Because of the complexity there is inefficient pricing. They are not trying to make a big opinion on the direction of the market. They want to mitigate the movement in the market by having protection against credit spread movement. They use credit instruments to mitigate market sensitivity. Another area they focus on in the bond sector are bonds that are backed by the pools of corporate loans. These bonds are known as collateralized loan obligations. It is a very large market at $750 billion in securities outstanding with 1,500 different loan issuers where each deal may have 200 different issuers backing the bonds. In this area they focus on analyzing the underlying portfolio credit and what the implications are for risk rewards to the bonds that are backed by the cash flow of that portfolio. Unlike many credit managers who focus on single name for credit, their expertise is analyzing pools of credit and quantifying the impact of the risk to the capital structure of bonds that pool supports.

Another area they focus on is their credit instruments where investors can go long or short and express opinions about the direction of credit spreads in the market. Environments like the onset of the pandemic where markets get dislocated and credit spreads widen, there is a down graph in credit portfolios. With this part of their portfolio, they construct a risk reward payoff profile that allows them to benefit from volatility. This part of their portfolio allowed them to do well in March 2020. They had a 2% positive return when credit was down double digits. With this strategy, they end up with low correlation to the market. The focus is really taking advantage of price inefficiency and turning over the portfolio, selling bonds a little closer to fair value replacing with other bonds that are cheap to their fair value using their analytics.

One of the things he thinks it is important to look at is how the strategy has done in rough market environments. Looking at the worst 10 months of the S&P 500 since the inception of their fund, at the beginning of the pandemic where stocks were down over 12%, their fund was up in that period. They were also up when the market came back because they have a balanced approach and they were not dependent on the market correction.

Chairperson Gold asks when they left Merrill Lynch. Mr. Weeks replies that they left Merrill Lynch during the latter half of 2011. Chairperson Gold asks when the inception of the fund was. Mr. Weeks informs it was in 2013. Mr. West comments that their departure was a function of Volker Rule when Merrill Lynch and major institutions were basically forced out of the business. Mr. Weeks agrees. They are approaching a 10-year track record. In the worst market monthly returns for the S&P 500, they had much less volatility and have been positive in many of those periods which means they are diversifying to traditional portfolios which include equities. They are uncorrelated to stocks. They have had a negative correlation to the traditional fixed income treasury or the Barclay Agg and to high yield, they are uncorrelated. It is unusual as a credit strategy to have a profile where you are not really correlated to credit. That is because they construct the portfolio and make money through the trading and price inefficiency.

Mr. West states that what they have done with the low negative correlation to the standard bond benchmark they effectively neutralized credit risk. Going back to the pandemic, corporate bonds within that sleeve of the aggregate bond index was down double digits while the treasury portion or the high-quality portion of that bond index was up close to double digits. They mitigated that negative impact and independent price movement of credit through the strategy. By their market neutral approach, they reduced the interest rate sensitivity of on to their fixed-rate income portfolio so it moves much less than the aggregate bond but they still have good diversification outcome because they are different than equity. They can still use them as the allocator to diversify equity risk. They are not going to get the same impact if they had a portfolio of all U.S. Treasuries or something like that but they still have very good diversification even though they have they have neutralized those two major elements of the bond portfolio. Mr. Weeks agrees. He adds that from an interest rate, he had previously spoke about being kind of neutral with credit but they are very neutral for very low interest rate duration. One of the reasons is the investments that they make are in securities that have floating rate coupons, as rates go up the coupon goes up. Where traditional fixed income that has a fixed rate as rates go up the price has to go down to bring that bond in line with yields in the market. There are times where they tilt the portfolio to benefit slightly from rising rates and that is one of the things they did over the last couple years because they recognized that inflation was going to bring a higher rate environment. Their approach is not to make big bets on the direction but to keep themselves balanced to the market risk factors and make money through their expertise and specialization product areas. Low correlation or uncorrelated means there is diversification benefits. He thinks that is an important aspect of portfolio construction in an environment where both bonds and stocks can be down together. A lot of allocators have been attracted to private credit to get away from interest rate exposure but credit has a high correlation through the stock market. They can diversify their interest rate exposure but bring on even more concentration in terms of down markets with equity. They have a benefit of being uncorrelated across the board.

Mr. Weeks informs that in strong years they have had mid-teen, double digit returns and weak years have been low, single digit returns. Part of the reasoning for the up and down in the return comes from the market environment. When you get very calm market environments where stocks are doing well and bond rates are low there is not a lot of motivated selling on behalf of market participants. The amount of price and efficiency is lower in those environments. When you get volatile environments, that is where they get opportunities to generate higher returns. They are in a volatile environment and he expects that to continue as the Fed tries to navigate getting inflation under control without causing a severe recession. That is a very challenging thing to do.

For 10 years or 9 and a half years of this fund, 79% of the months were positive with an average return just under 1%. In the losing months they were 34 basis points. That is the profile they are trying to achieve, steady performance where they can make more than they can lose. Their annualized returns were under 9%. That is much higher than the Barclay Agg over the same time frame and it is higher than the high yield index over the same time frame and they have much lower volatility than high yield and similar volatility to Barclay Agg.

Chairperson Gold asks if they know their August numbers. Mr. Weeks responds they were at 1.57% which brings their estimated year-to-date return to just over 6%. He thinks what is important to focus on the growth of capital over time it is important to not have large drawdowns. A lot of strategies do well for a while and give back a couple of years of return, particularly in credit where it is just investing in credit rather than mitigating the risk of credit spread. If you had invested $100.00 in their strategy at inception it would have grown to $225.00 by the end of July where an investment in the high yield index would be less than $125.00. This is a huge difference when you are talking about an inflationary environment and need to have returns that keep pace with the cost of living to provide benefits to pensioners or people invested in the portfolio down the road. It is important to just not take a lot of risk to do that. It is good to find strategies where you can have low volatility. They are not the only type of strategy in that framework but this is the type of thing a lot of allocators are looking at for their portfolios now they are seeing firsthand what can happen in a rising interest rate environment in fixed income.

Mr. West states that the last 10 years or so have been a period of declining interest rates, appreciating real estate values and a modest increase in the supply of mortgage equity to the fund. They have seen a reduction in the supply of non-agency residential mortgage which is a big part of their portfolio. They are long-term allocators. This has been a tailwind for their strategy. They are trying to make the investment for the right reason longer term through cycle. What are their prospects and how do they manage the fund through a reversal of what they just went through with declining interest rates, depreciating home values and what impact would that have if they are heavily invested? Mr. Weeks responds that their strategy is not just about a one-way trade. For them, it is all in the details of the individual bonds and different vintages. With respect to mortgages, there used to be a lot of private deals that really kind of went away and the underwriting went into government programs and now the issuance is coming from the agency. That is the heavy growth in CRT and where their focus is. There is a huge difference in the profile of a CRT bond that is passed by 2017 or 2018 originated mortgages compared to mortgages originated in 2022 because those mortgages that were taken out five years ago now have the benefit of the house price appreciation. The value of the home is around twice the value of the outstanding mortgage which is a tremendous cause of the real reduction in the credit risk because even if they go in a recession and things reverse, they do expect that they are at the top in the housing market because mortgage rates fall from below 3% to approaching 6%. That means that a riskiness of the newer deals is very different than the season deals. They are positioned to have the safety of the old deals but spread the prices of those old deals went down a lot with the rise of mortgages rates and the fear of the housing market. They are very excited about the return they are getting for very low risk securities. If they continue forward, they expect there is going to be disappointment and more stress in the 2022 originated mortgages which is going to lead to mid-pricing in the secondary market. They are going to be much riskier at today's prices as bad investments but they can see in the future that there will be a right price to buy those investments. For them it is an ongoing process. They focus on mortgages and on corporate credit. They rotate the portfolio where they see the best risk reward, making sure they are only making investments where they are paid for the risk. They get to an environment where things are overpriced and they do not like investments they would pull back and accept lower returns. It is more important for them to make sure they are not taking bad risks.

The rising rates are going to affect housing. They have a high concentration in their portfolio of two CRTs and they are comfortable because since the financial crisis there has been under building in the U.S. in single family markets. There are two to 5 million less homes available compared to the demand. That is going to add stability. Unlike the housing crisis in 2008, those mortgages were made with teaser rates and lack of underwriting. There was a lot of product risk where the borrower was in a home and the price of the home went below the outstanding mortgage so they had every incentive to walk away. Today’s mortgage market is very different. The borrower has a lot of equity and a fixed rate loan at a mortgage that is below today's mortgage rate. You do not have this product risk forcing borrowers to default. Since the financial crisis there has been a lot of regulation put on what servicers have to do to modify loans and it is all geared towards keeping the borrower in the home and taking missing payments adding them on to the end of the mortgage which will not create millions of homes being put on foreclosure to drive house prices down. For their portfolio, it would take more than a 30% drop in house prices nationally before they get to creating permanent losses to the bonds they own.

They feel they have a strong cushion for a variety of environments. Their credit mitigation strategies have done well this year when mortgage bond prices were under pressure. They are planned to set up to do well if there is a faster recovery than the market expects because the mortgage bonds are going to appreciate dramatically while they are kind of neutral in corporate. If they go into a recession, they are going to benefit in their strategies that will benefit from that volatility.

Chairperson Gold states that they did not address leverage at all. Mr. Weeks states that a lot of strategies borrow money to buy bonds use leverage to amplify the coupon. Their philosophy is to de-lever not to do that. The most they borrowed is 1.5% of the portfolio. They did that in the last year after the pandemic to open facility to the extent they got another dislocation and it was such bargains that they would have an open relationship to do a little bit of borrowing. Their philosophy is to mitigate their exposure to the direction of the market. Strategies that use leverage amplify their exposure to the direction of the market. From the financial leverage standpoint, they are de-levering. There is leverage embedded they measure and try to de-lever in the security.

Mr. Mantecon asks if they can walk through trades that are uncorrelated they might use to hedge each other, like actual securities. What do those trades look like? Mr. Weeks informs that now they have less than 1% of their portfolio in CLOs. Based on their analytics the pricing of the underlying loans backing those bonds does not show you can buy the bonds at a discount for cheap to what the market suggests about the risk of the underlying moments. Normally, when they have gone in the CLO market they are open to whatever the mis-pricings are. They have seen typically gone into BB rated CLOs and they hedged with a high yield index. There is not a perfect match between the individual issuers in the index. There is 100 of the largest high yield issuers in the index and then the CLO bond is backed by high yield companies that have borrowed money through loans. In each case, they have 100 issuers in the index and 200 in CLOs. The individual names are not perfect so the hedge is more of a risk mitigation rather than an absolute cash flow matching edge. They think that CLO might be ten, twenty or thirty points cheap compared to the value it should be at relative to its collateral. Then they would not want to gamble on the direction of the market. When we buy that, while they are looking to collect that discount, they will put a short position on in the market index so if that market environment gets worse and the CLO is improving, they are neutralizing the effect of the market. It is a bet on the differential but the size of the discount is large enough to handle small differences in the movement. They would buy the bond, neutralize the exposure and look to sell that bond and replace with another bond that is cheaper or just sell the bond if they do not like it or if it improved in price and then take off the edge. On the MPS side they are in the seasoned bonds but in the junior part of the capital structure because they are higher floating rate coupons. These bonds are not callable. The market was under a lot of pressure this year and they believe as the supply of new issue declined, there will be better credit between the season deals that have a lot of backing the deal and they expect that those bonds can go significantly higher in price. They also hedge using corporate instruments. There is no easy hedge to mortgages from the credit perspective and it is not easy to hedge house price movement. That is why they have to be in bonds at a cushion. One of the things how they think about this risk mitigation is that the U.S. consumer is 70% of the U.S. economy and if they are hurt in a way that arose the home equity that they have, and they lose jobs high yield companies in the U.S. are also going to have a challenging environment. They would expect it to mitigate the price movement in the mortgage bond. The risk mitigation approach that they used held up and it reduced the volatility.

Mr. West asks to go over the fund structure. This is not a large fund in terms of the institutional marketplace and he thinks it is important that everybody understands the fee structure and the liquidity and the nature of the liquidity of the fund. Mr. Weeks explains that the liquidity is quarterly liquidity. They ask their investors to give them a 90-day notice and they pay investors on a quarterly basis. It is quarterly liquidity. There is also the ability to get the full redemption in that one quarter. It is based on their structure if you were getting 70% of the money you requested then 30% that you are not getting you pay a 5% redemption fee which would put the money into the fund to their firm to kind of compensate the investors that are staying in the fund for giving up some of the portfolio liquidity investors leaving. There are two fees. There is a management fee of 1.5% and there is a performance fee applied after management fees and expenses of 20%. All the returns they have shown are net of fees. The 20% fee is based upon the client's investment performance. If you started with $1.00 and the investment went to $6.00, they would earn a performance fee on that gain but if it went down and back up, they do not earn any performance fee until they get them higher than their previous time in the initial investment. That is paid to them at the end of a calendar year. Mr. Mantecon asks who their prime broker is. Mr. Weeks replies that the fund does not have a prime broker because they are not really leveraging or borrowing. Bank of America is their custodian and their fund administrator is SS&C GlobeOp. To trade credit instruments that are exchanged clear, they have FCM which is a commission merchant and they use Bank of America and Wells Fargo. They have very high-quality institutional service providers for their fund.

Chairperson Gold thanks them for the presentation.

4. Comments from Retirement Board Chairperson.

There were no comments from the Board Chairperson.

5. Items from the Board Attorney.

Chairperson Gold informs that Mr. Garcia-Linares out of town, traveling to Washington, DC for the HNBA Annual Meeting and will be making a presentation at the time of the meeting. Chairperson Gold reads Mr. Garcia-Linares' report into the record. The credit union was able to pull the overpayment to beneficiary Dymond. Thus, the pension plan was able to recover its monies without legal action. He is in the process of drafting the agreement for both Officer Merino and Officer Lemon. He was waiting on numbers for Officer Lemon which he received from Ms. Groome on Friday. He was under the impression that deduction had started but Ms. Groome informed that they will not start until the agreement is signed as they are current employees. Ms. Groome forwarded him additional letters for overpayments where the retiree has passed away. He is working on them with Ms. Groome. At the last meeting, he was asked when the term for the lease for the office space ended. The lease ends on June 30, 2023. They can terminate sooner with six-month notice. Mr. Strong will be at the meeting to discuss transition.

6. Request from employee Tiffany Hood-Crumbley for approval of stopping and returning contributions for the purchase of other public employee service time. Ms. Hood-Crumbley has made this request due to the difficulty of strained finances because of the current inflation. She began making buy back of service time payments on March 27, 2022. She is aware that she will not be able to apply for the other public employee service purchase in the future. She has contributed $7,803.84 as of March 27, 2022.

Ms. Groome informs that Ms. Hood-Crumbley contacted her and asked if she could get out of the purchase of other public employer time because she could not afford it any longer. She has only been paying since March of this year. The Board has approved doing this for other employees before. Ms. Elejabarrieta states that there is nothing in the Code. Ms. Groome explains that she no longer wants to buy back the time and she knows that she will not be able to buy back time in the future. Chairperson Gold asks if they are giving back more money than she has paid. She contributed $7,800.00 which in today's dollars is worth $7,300.00. Mr. Strong states that if the amount was fully invested. This amount was probably flowing through the cash account. He doubts that money was credibly invested. Ms. Gomez comments that there is a timeframe for when she can buy the time back. Dr. Gomez asks how many of these has the Board dealt with in the past. Ms. Groome responds that when Police Officers have retired on disability and they had bought back time they are returned their contribution. Also, before she was administrator, an employee separated from the City before they completed their buy back and they were returned their contribution. Mr. Mantecon asks from an actuarial standpoint does the cost of buy back consider the fact that some people will not get any benefit from it. He is assuming that the rate of the buy back considers some number of the employees are not going to take advantage of it and it is just going to be some cost.

Mr. Strong explains that when they run the buy back, they are changing the date of hire back in time and then looking at the difference in the present value of future benefits on an actuarial basis. When you move somebody's date of hire back, it dramatically increases the likelihood they are going to make it to get a vested benefit. They are now assumed to have been hired at a certain date and they are now closer to retirement. It increases the probability that they are going to get this rather than not. There is still the probability that they will not get it but they also reflect the fact that if they do not get a benefit they are going to get a refund. Mr. Mantecon thinks that this may become a thing for everybody and that is his concern. If they are pricing this the way an insurance company would, you are mitigating risk amongst many different people and reducing the amount that people have to contribute for the buy back. At that point, they are taking losses every single time they do this. But if they are basing it specifically on the likelihood of that individual, that is a different thing. Mr. Strong informs that they haven't reflected this buy back yet because it started in March 2022 and it has not been reflected in the Valuation Report. If it stops now it is a non-event. It will not affect anything for the Valuation Report.

A motion to approve stopping and returning contributions for the purchase of other public employee service time for Tiffany Hood-Crumbley was made by Ms. Gomez and seconded by Mr. Mayobre. Motion unanimously approved (10-0).

7. Update on administrative hybrid arrangement.

Ms. Groome informs that Vicky Merino would like to speak. Chairperson Gold acknowledges Officer Merino. Office Merino thanks the Board for addressing the issue about the repayment back to the City. She has a couple of questions and she thinks they are mainly for GRS. Chairperson Gold informs that GRS is presenting now and Officer Merino will be the first to ask a question. Pete Strong states that Mr. Tramont and Ms. Estrada have been working hard with Ms. Groome. He has been mostly overseeing the background and reading emails. They have had three office visits with Ms. Groome so far. They will be going to the Retirement Office for their fourth visit after the Board meeting. They are learning what Ms. Groome has been doing. There are a few things that they have discovered in this process and they wanted to point them out to the Board. The first is there are a lot of manual input items and manual adjustments that Ms. Groome does that they are not used to. As a third-party administrator, they want everything to be as automated as possible. They do not want to be responsible for going in and doing manual changes to the data they get to do a calculation. That opens the door to mistakes. When you are making changes to something after it has been exported from a system, who is confirming that the manual changes are correct. Having a check and balance in place and having a more systematic automated process is what they are accustomed to as a third-party administrator. Some of the manual changes that are being made are to the pensionable earnings after they are extracted. Things as retroactive pay and they do not fully understand exactly how those manual adjustments are being made. There are some manual changes that Mr. Tramont and Ms. Estrada have been with Ms. Groome on and they are trying to fully understand exactly why they are being done. Their ideal situation would be to get an extract from directly from Human Resources that has the pensionable earnings. When you get an extract and then need to make changes to it because some pensionable earnings are not reflected you create a window for possible errors.

The second item is that there are last minute changes in almost every pension payroll they have had processed. They have the dates from PenChecks of when the pension payroll needs to be submitted by and they need to submit that payroll on that day. They have had to ask for a one or two-day extension from PenChecks because there are last minute changes to payroll. They need to have a final pension payroll the day before the cutoff with PenChecks.

Mr. Strong asks Ms. Groome who stops the contributions to the City once someone enters the DROP. Ms. Groome informs she puts in the date of the DROP entry into the deduction in EDEN. Mr. Strong wants to make sure they are not responsible for turning off member contributions. That is usually a Human Resources function. They do not have right access in EDEN, they have read access to EDEN. They do not want to be the ones responsible for turning off member contributions and that is something that Human Resources should do in the system. Ms. Groome explains that she puts the DROP entry date into EDEN and then the system stops the contribution. Ms. Gomez states that EDEN is going away. Payroll should not be stopping deductions either. Human Resources needs to be notified that they should stop the contribution deduction for the employee entering the DROP. A lot of what she is hearing from Mr. Strong is that they need to set policies and procedures in place.

Chairperson Gold does not think that point is in contention. He thinks they all agree with Ms. Gomez’s perspective. What is clear from an outsider point of view is that the amount of institutional knowledge that Ms. Groome has is extraordinary. Downloading that knowledge to a new team, unless they are there on top of her watching what she is doing and figuring out the nuances of the job is taking longer than they expect. That is the part where he thinks they want to marry them a little more closely so they know what little things she is doing that may or may not have been exceptions or should be communicated more clearly to employees. He thinks they all agree on the perspective but it is the day-to-day work that she is doing that they really need to understand. Mr. Mantecon states that they look to Ms. Groome because she has the experience. He asks what some of these last-minute changes are. Ms. Groome replies that they are health insurance deductions. The changes in deductions come from the FOP, the Firefighter's health fund and the Human Resources Department. She usually receives the changes during the month but sometimes she is informed of the changes closer to the end of the month.

Dr. Gomez comments that he is concerned that he is hearing about this now. He is not sure that meeting once a week will take care of this. If Ms. Groome wins the lottery and leaves tomorrow, he is not sure that GRS is ready to take over the position. Mr. Strong responds that they are not ready. How does this change any timetable? Mr. Strong states that if Ms. Groome were to leave they would need to beg her to stay on for at least three to four months to complete the transition and that would require full collaboration. He recommends they start going to the Retirement Office more often. They need to learn everything Ms. Groome does. They do not have a firm current understanding of all the manual processes now. Chairperson Gold asks if there is anything they are doing that is preventing them from going to the Retirement Office more often. Mr. Strong informs that it is scheduling and they need to schedule more often.

Ms. Groome explains that one of the manual processes they are talking about is the back spreading of the retroactive adjustments for employees. A long time ago, the Board made that decision instead of the employee getting accounted for a lump sum it should be backspread because sometimes the retroactive adjustment is effective two to three months before the employee receives the adjustment and sometimes they receive a cost-of-living increase as a lump sum for the previous year. When you give it as a lump sum, it skews the number. They backspread the retro so that everyone is treated fairly. Ms. Gomez states that in all organizations there will be retroactive adjustments that make it to payroll and calculated accordingly. EDEN does not do the calcualtion but it is possible that Infor will. Mr. Strong points out that with other clients if there is a retro adjustment it is given to them and when it is paid they reflect it at that time. Ms. Groome states that if you get $1,500.00 in one paycheck for a retro and it goes back for a month effective in July it affects the calculation. Mr. Strong comments that it would affect the highest 5-year average. Ms. Groome explains that sometimes the retroactive adjustments go further back than a month and that would skew the average. Sometimes there is a cost-of-living retroactive adjustment that was effective at the beginning of the fiscal year but employees receive the lump sum at the end of the fiscal year. That is why the amounts are back spread. Ms. Gomez agrees that in that case it would be inflating one of the years in the average. Mr. Mantecon asks if they think they will have an issue in creating a process or a system in the technology standpoint or is it institutionalizing some of those nuances that maybe in the system that might not have the capability to handle. Mr. Strong states that one thing from a process perspective is that they are having to request each month the whole data extract from IT. It would be great if there was a report that they could run. Ms. Gomez thought that they were working with the people of the new system to make sure they are getting what they need. Ms. Groome advises that was only with the health insurance for retirees. Ms. Gomez informs that they need to coordinate with IT for support with the new system because they are only going to be using EDEN for a few more months. They are building the system so they can build it in a way that is going to accommodate these types of things. So, for instance, if they apply the retroactive adjustment, they should be able to rerun to see what is. Mr. Strong thinks that would be ideal. That would be an automated process rather than having to add these in and add them to the paper they already have.

Dr. Gomez wants to make sure that they do not come discuss this issue every month. They need to address these issues on an ongoing basis and then report to the Board any new ones or any issues that might come up that they may need the Board to act or interfere. Talking to IT and to Human Resources needs to happen. Mr. Strong informs that they are doing that. Sometimes they just do not hear back from them. Dr. Gomez states that cannot happen. Someone needs to pick up the phone and call somebody.

Chairperson Gold apologizes to Officer Merino for not calling on her sooner. Officer Merino thanks the Board for allowing her to address GRS. When she went into the DROP back in July, she went into the pension portal and received a calculated monthly payment. However, she requested on a couple of occasions via email to receive a certified amount and has not received one to date. Her first question is how long it will take before she receives her certified DROP amount. Mr. Tramont explains that Officer Merino's certification is pending because they are reviewing the pensionable pay history that was provided as part of the transition of the hybrid. They are basically trying to verify all her earnings. They are trying to verify all the earnings from the start of employment. As mentioned previously, there are manual processes that GRS is learning in more detail. They have an office visit today and they are trying to get the best understanding they can. There are more manual processes besides the retroactive adjustments. The most important calculation they do is you do is for her benefit. The paradox they are in is that the most fundamental component of the calculations is the data. Should a single pay be incorrect, the entire calculation is incorrect. When it comes to pay, that is where they are struggling at GRS to be able understand that they are getting the right data. Their involvement prior to the hybrid arrangement was simply checking for internal and periodic instances and now they are stepping into a further transitionary role wherever we need to verify them and not audit them. If they see any anomalies as they have seen they have to understand them and be able to replicate them and only then is when they can offer alternative suggestions on how to streamline that process. That is the reason why they have not completed the calcualtion at this time. They need to make sure that they have 100% correct data for her earnings. It might involve them getting into contact with Human Resources or Payroll if there are any inconsistencies and that could be a further delay. And the point that was brought earlier. The main driver of our delays has been non-responsive/non-cooperation when it comes to certain City resources and/or personnel that they have been directed to work with. When they do not hear back on something, that is usually the proximate cause for the delay on their end. Mr. Strong informs that they understand normal business days and that people are busy and when they email and do not hear back right away, they give it a few days at least before following up again. Ms. Elejabarrieta asks if these delays have been a recent thing or has it been going on for a while. Mr. Strong replies that it started back when they started doing the calculation.

Officer Merino informs that when she goes onto the portal she does not see her estimated DROP amount. Is there an estimated time on when that will happen? Mr. Tramont responds that it was updated yesterday. She should be able to see on the output her DROP since July 1, 2022 and it should be reflected on the home screen. When you login, it should reflect the estimated DROP amount. Officer Merino understands she is going to see a DROP amount in there. Is it going to show the last few deposits or will that not show up until her numbers are finalized? Mr. Tramont replies that it will show a projected DROP balance. It is an estimate and once that amount is certified then those projections will be correct. Do they have an estimate on when she will receive the exact amount? Mr. Strong answers that if they can clear up the confusion on the pensionable pay, they will be able to resolve it today and then certify the benefit by tomorrow.

Mr. Tramont explains that the earnings can be simple for one employee and not another. When it comes to pay, it is just a data input that means they need to see both member pay and contributions as well and an internal validation. The pay they receive from Ms. Groome is a very non-automated process unlike what they typically see in other plans. you. The very first step is an automated step that is the generation of a stream of a query that IT designed to extract from the EDEN system and that is where the automation stops. Then they have to undergo a bunch of different manual processes get from point A to the final point B which Ms. Groome provides to them. They need to understand how to get from point A to point B in such an exactitude that they can do the exact same thing. Mr. Strong states that ideally the extracts would go from the new system directly to having the correct pensionable amount. Mr. Mantecon asks what other municipalities do. Mr. Strong replies that other municipalities do not have manual adjustments. They get the data directly from their systems. Mr. Tramont informs that there are more issues than just with the retroactive adjustments. There are so many components and when it comes to determining those retroactive adjustments they might apply only to certain components of the wages and percentage for the period. The last time we were in the Retirement Office, Ms. Groome showed them the type of manual adjustments she does to kind of back into the retro payments. They are trying to essentially reverse engineer a retro pay. This matters because the data has to be perfect and it has to be right to get the calculations right. They have to make sure they are spreading the pays and they are not able to do that. If Human Resources gives a $1,000.00 retro pay that is 3% increase you would think it would be easy and you go to the base wages apply 3% to them and that should give you the amount. When they tried to recreate it, it did not add up to the amount. Ms. Groome explains that with the Police and Fire, there are certain pay codes used to calculate the retroactive adjustments.

Ms. Gomez asks if IT was contacted to see if they could automate this. Mr. Tramont answers that they asked in the terms of whether it could be done with all the different logical conditions and the answer was no, that it could not be done because it is too complex. IT was not able to extract the different components. A Police Officer can have 13 different components in their pay and IT was not able to come up with a single systematic algorithm for the pay period for pensionable or non-pensionable pay. There are different times and different key components that are pensionable pay or non-pensionable pay. There is not a query that somebody can extract all pensionable amounts for each component into a column for them that their other clients do and provide next to it the member contribution. IT was not able to do that to the extent that they needed for certification but to the extent that it was necessary for what they were able to be used for pension estimates in their pensionable calculator. That is why the estimates in the pension software was so close to the certification amount. With their other clients they get a report and are not making adjustments. It is reasonable for them to be able to do that if they are given explicit and authoritative direction. If they get the history and know what the retro pays are and have the information of where they are applied to per payroll period, they are happy to make the adjustments.

Ms. Gomez suggests that they set a meeting with IT and her office to really have a working session meeting to go through these types of things and see what can be done in the current system and make sure it is done correctly in the new system. It has to be a real working session where they are there having these issues identified and understanding why and what needs to happen. Ms. Groome asks if they could include the Human Resources Department also. Ms. Gomez answers that she will. She thinks they need to schedule something. It may be that it cannot be done but if they can do it for one thing but they cannot do it with another, that does not sound right to her. She thinks that what they need is not being asked for correctly or there is an understanding of what is needed. Ms. Elejabarrieta states that if they cannot resolve it with Eden they can build it with the new system. Mr. Tramont comments that at one of the visits with Ms. Groome, they had a meeting with contacts for the new system regarding making a retiring insurance template for general employees that was loadable and efficient for PensionSoft. That was the first time they learned about the new system. Up until that point they had no knowledge of a new system. They need to think about how that is going to impact their work since the City will be transitioning into a new system. Ms. Gomez agrees but she thinks they need to understand what it is that they are doing in the current system and then make sure that they build the new system and what is needed.

Chairperson Gold comments that they have incredible and competent professionals between the City and GRS that need to communicate more. Mr. Mayobre agrees with getting everybody together. He thinks a project like this, which he has done before, they need to get together all the pieces and make them accountable for it. It should not be only one meeting. They need to establish a schedule and a transition plan and the Board will get a report every month saying where they are, what is their goal, are they ahead or behind, what the problems are and what are the solutions. Otherwise, if no one is accountable for it then it will be payroll's fault, it will be Ms. Groome's fault, it will be anybody's fault. This should be a project. Mr. Strong informs that they had a once a week meeting every Wednesday when they were building the PensionSoft data. Everybody that was involved in the process attending the conference call meetings and they talked about what the current issues were. He thinks that is what they need to do. Mr. Mayobre states that people need to be made accountable. Get all the players together. Dr. Gomez does not want to be here in October and hear that they have these little issues. He thinks Mr. Mayobre is correct and that is the kind of plan they need to have. He thinks they need to be very forthcoming and the City will cooperate. Mr. Strong informs that they will get with Ms. Gomez, someone from Human Resources and someone from IT and start getting this done. Mr. Tramont explain why the Board is just learning this now. The purpose of their meetings is to know what they do not know and their time is limited with Ms. Groome. They arrive to the Retirement Office between 8:00am and 9:00am and work with her until 3:00pm. There is so much that they need in the transition and they probably do need more meetings. They have tried to be flexible and accommodating. They are learning as they go. Mr. Strong thinks they should accelerate the transition process to weekly meetings. Ms. Gomez asks to be given time to find dates that are available so they can start trying to schedule the initial meeting.

Ms. Groome informs that she would like to respond to retiree Martin Barros who had a question regarding PenChecks. They received notification from PenChecks informing that they will be able to process the October payment the Friday before October 1st.

8. Investment Issues

Dave West reports on the monthly investment performance. He would like to discuss the investment of the City's yearly contribution in October and the possible investment in the Serenitas Credit Gamma fund. The City contribution is $30,028,072. That is the amount of the required contribution and the additional contribution. His recommendation for investment from a policy standpoint is policy neutrality. There is too much uncertainty right now to deviate and he suggests they continue to modestly underweight international equity and modestly overweight domestic equities so their net equity position is neutral on long-term policy targets. His first line recommendation is to allocate $15 million dollars to the equity all-cap growth, AllSpring fund managed by the Heritage Group. That $15 million allocation equalizes the growth value. There is more money in the value style. He thinks they need to get neutral with that and as they discussed at the last meeting, this manager has experienced the worst short-term period of investment for performance in the history of the firm. The last time this happened, if you doubled down, you more than made up a lot of lost ground and moved way ahead. They retain confidence in the manager. He thinks this is a potentially spring-loaded opportunity and they are rebalancing to neutrality. The second line is the absolute minimum allocation to core fixed income. He is recommending that they allocate $2 million to Garcia Hamilton. This brings them up on their core fixed income target. The next line item is the recommendation to allocate an additional $3 million to the Ironwood hedge fund. This fund has done a great job for the plan with very nice returns coming out of that. That leads them with $5,028,000 going into the cash account. It leaves them with $11.357 million in operating funds. The last recommendation is the allocation to the Serenitas Credit Gamma fund which would be $5 million if the Board decides to invest in that fund. It is a little over 1% of total assets.

Mr. West stops for discussion. They may want to air on the side of being considered conservative with the cash flow and not allocate the $2 million to Garcia Hamilton and leave that in cash. Given the uncertainty in the market, he would have no issue in parking the amount in short-term investments right now rather than allocate that to Garcia Hamilton. He is trying to follow policy neutrality. Ms. Groome informs that they have one more month of funding before receiving the City's required contribution. She requests they hold off on funding the $2 million until after the October Board meeting. Mr. West states that they will defer in funding the Garcia Hamilton fund.

Mr. Mantecon asks what triggered a disparity between the index and the AllSpring fund. Did they point out anything specific as to why the loss in their returns? Mr. West responds that from a high-level standpoint many growth managers have been crushed by the benchmark and that is a function of the huge concentration in outperformance in energy and utilities which not all are in the growth universe. The concentrated focus of those areas in the market left growth managers behind. Growth managers, generally, about 90% of the universe underperformed the index over the last two quarter period of volatility. He thinks that regarding the Heritage Group, their process has led them to higher earnings. Potential growth companies are looking across the spectrum, they are looking for undervalued or underestimated growth coming out of companies. Since earnings now are being discounted at a higher interest rate, the value of those underlying earnings in those higher growers is more less so there is suffering in market value. It is really a blend of things. They are not shifting. They are staying consistent and are not changing anything. The last period of duress they saw this was serious under performance and that was a little less than 10 years ago. They have confidence in the manager and expect a reversion of growth stylistically at some point. If they expect a mean reversion of performance of the manager they will at least get back to the index level. Mr. Mantecon understands. He wanted to make sure there was not something fundamentally that the fund is going through some management shift. Mr. West informs that is what they were looking into. There have been no changes. The process has stayed the same and the people have stayed the same.

Chairperson Gold asks if there is any inclination to reduce exposure to international equities. The U.S. is raising rates, strength in the dollar, talking about exporting and possession. There is no ability to get any energy anywhere. Mr. West responds that the top line recommendation is to continue to modestly underweight it to the extent that no new money is going there from this contribution. Chairperson Gold states that they are going to readdress what their cash base is needed at the October meeting. If they want to give the money to Garcia Hamilton to keep their fixed income side steady, there is probably $1.5 million or $2 million cash in the international fund. Mr. West believes the most liquid scores would be the Northern Trust index funds. It is a particularly good period to maintain active management in international equity. They can keep that on the table for discussion.

Mr. West discusses the Serenitas Credit Gamma fund. As a former fixed income manager for over half his career, one of the funds he managed was limited term mortgage fund. It was a very generic mortgage fund that he was the lead on. This fund is very complex. What is really structured about this fund, it is unique. Normally he would show them a manager review where they compare other funds and make a judgment. This is a one-off unique situation. It is not a big fund. It is $550 million but he really thought they needed to look at it. One of the things that really strikes him, as far as the people, the management and the credibility of the individuals behind them; they were in the twin towers back of the day making billions of dollars for the Merrill Lynch trading team. It is the same group following the same strategy and they are incredibly credentialed. He thinks it is a unique opportunity to get on board with this group. The number one risk is key person departure. He was asking about the liquidity provisions for general knowledge but if one of those individuals leaves, they will need to exit. They need to understand how quickly they can exit the fund. That is the number one risk for this fund in their opinion. There are four benefits of this fund. Strong returns, a great history of returns, they get diversification from equity and it is a very nice inflation and high yield bond hedge. The process has been thoroughly vetted. There are some considerations to get on the table. The mandate is very narrow. They are focused on very limited section of the fixed income market. The nature of the investments is concentrated and they think that is okay. There is a potential shrinking market and they talked about potential mortgages that they are participating in, given the size of the fund. It is not a liquid investment. They have minimized their private equity investment and liquidity is very important with this fund. They have been through the terms and fund lockup provisions that would take up to potentially a year, worst case scenario, for them to work off positions and get money out. Another risk they identified is an adjacency risk and that is if other clients wish to go out of the fund at the same time, there is a door or a threshold limitation. The other item AndCo's research team identified was the changes in the firm. They went through that that history of how the firm came to be.

He thinks they need to constantly look at how they view fixed income and what is the purpose of fixed income in this portfolio. They have an absolute minimum investment in a high-quality fixed income portfolio. Not for total return right but for liquidity. When under unusual market selloff periods, equities are down in a big way and the bond market usually rallies. If they were to get a recession induced or a risk off induced sell off in the equity market of major proportions, their high-quality fixed income portfolio with Garcia Hamilton and Richmond remain liquid. They have that emergency source of funds if they need it if they under manage their operating fund allocation. They are comfortable with how they are managing their fund. This fund mitigates price fluctuation from changes in interest rates and they are not trying to call market so they are insulated from that. When corporate bonds underperformed U.S. Treasuries it gave a negative total return during the pandemic. They are hedged against that with this process. They have a long-term track record. His recommendation had to be approved by the AndCo Investment Committee for investment in Coral Gables. His recommendation is to fund $5 million in the Serenitas Credit Gamma fund.

Mr. Mantecon states that what they are doing is basically trading long housing short corporate credit. That has been a trade that is obviously healthy. The housing market skyrocketed for the last 10 years consecutively even with Covid not putting a dent on it. When high yield got crushed in February and March of 2020 the housing continued to increase and default rates were at an all-time low. So, they are going into a trade where if you are going into an all-time low foreclosure rate at the moment and you are short a position that has already taken significant hits which is all the corporate yield. The big picture trade of how they do it. For them it is about taking the winners and putting it all into analytics to try and pick the best MPS that are out there that had been traunched. Obviously you are thinking the worst short business and they try to outperform that way and that is where the PhDs and all the years of experience come in. He thinks as an inherent trade they are walking into long position on something that has not had any impact yet on housing and you are taking a short position that can take a significant downturn which is why their Sharpe Ratios are so high and the volatility is so low. Their returns have been fairly steady because both of those positions have moved along the same way. That is his concern. Although they do not lever their fund, you are taking an inherently levered position by buying into a tranche of an MPS. From a quality sample he is sure these guys are phenomenal. They have obviously been around the block. From a trade standpoint he had those issues. He has no issues with investing in a hedge fund but he just has concerns with the trade and structure of what their fund focuses on what their long-term objective is. Mr. West understands. They had the exact same concerns and he identified one of the potential weaknesses of the strategy. They are using credit derivatives of high yield to hedge against the mortgage market. He thinks the point that was made earlier was when market get into duress selling across asset classes, you do tend to get that correlation. The two markets correlate closer to one another which helps make the strategy close that hedge gap a little bit. Historically, that that has worked for them reasonably well. He identified a potential disconnect because they are hedging with one market against another market. They did look at that. He asked the same kind of question. Since this is a long time looking forward fund, how would their strategy handle a reversal. He thinks the process is durable enough that they mitigate this risk. By going into vintage mortgages, the incentive to stay in the property increases in the fault rate of those mortgage pools goes down where more recent issue mortgages are clearly avoiding because of the reasons Mr. Mantecon suggested.

Mr. West points out that hedge funds are directional and this strategy is not market directional. is to relatively. Chairperson Gold comments that he was looking at high yield spreads are at 5% now. They were at 3%. They are a lot higher. In 2009 during the real housing crisis, high yield spreads went to 20% and in 2020 they only went up like 9% or 10%. Spreads have gone up but they have not really flown out. It is sort of correlated but he thinks the way they describe finding relative value is a real trading strategy, and if they had actual consequences, he would be more concerned, because if they pivot this is going to be a million short term traded here. Mr. Gueits asks what the logic is. Is it that spreads widen their strategy? Chairperson Gold comments that they are always looking for dislocations and prices in the three areas of credit that they monitor.

Mr. West states that they are in this for total return. Previously their fixed income was for liquidity diversification to equity. They had the Disco fund and they had the TIPS fund that worked out very well. That was really for diversification. Now they are shifting the dial and they found them a source of total return mitigate the two undesirable elements of investing in bonds. It mitigates credit risk and it mitigates price movement through the changes in interest rates. Those are the two Achilles Heals of fixed income investing. They still get diversification and a much higher stable rate of return. His recommendation will be not necessarily to classify it under their other assets category with Ironwood but to classify it in their non-core fixed income because they are going to use the Aggregate Bond benchmark as their proxy along with a very specialized hedge fund index. It is a self-set basically of the Aggregate Bond benchmark.

Ms. B. Vazquez asks about the fees. They mentioned the 20% performance fee. How does that work? Mr. West replies that this is a hedge fund and this fee schedule does compare and the liquidity is very similar to other hedge fund fee schedules. He thinks they have a slightly more favorable schedule with Ironwood but the fact they have the high-water mark, these are all new additions to hedge fund investing in the interest of the investor. Those are the kind of things they look for and they want to make sure that provisions are in there. This fee would compare to other hedge funds. Mr. Mantecon states that the idea that you are getting best quality guys to be able to put them in a room and be able to come up with the best tricks possible compensating good money. That is the way that works.

A motion to approve Mr. West's recommendation for allocation of the City's yearly contribution but holding the $2 million for Garcia Hamilton in cash until the October meeting was made by Mr. Gueits and seconded by Dr. Gomez. Motion unanimously approved (10-0).

A motion to approve Mr. West's recommendation to invest $5 million of the City's yearly contribution into the Serenitas Gamma Credit fund subject to review of the subscription documents by the Board Attorney was made by Mr. Mantecon and seconded by Dr. Gomez. Motion unanimously approved (10-0).

9. Old Business.

There was no old business.

10. New Business.

There was no new business.

11. Public Comment.

There was no public comment.

12. Adjournment.

Meeting adjourned at 10:18 a.m.

APPROVED

MICHAEL GOLD
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER